



**Financial Statements and Compliance Report  
As of and for the Year Ended July 31, 2005**

**(Together with Independent Auditors' Report)**



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## TANNER LC

THE CRITICAL KNOWLEDGE SOURCE  
BUSINESS ADVISORS  
AND CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

#### To the Board of Directors of Utah Parent Center, Inc.

We have audited the accompanying statement of financial position of **Utah Parent Center, Inc.** (the Organization) as of July 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Utah Parent Center, Inc.**, as of July 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As stated in Note 2 to the financial statements, the Organization restated its beginning net assets.

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2006, on our consideration of **Utah Parent Center Inc.'s** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Tanner LC*

Salt Lake City, Utah  
January 17, 2006



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**UTAH PARENT CENTER, INC.**  
**Statement of Financial Position**

**July 31, 2005**

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**Assets**

Cash and cash equivalents	\$ 82,727
Investments	197,795
Grants and contracts receivable	17,840
Prepaid expenses	1,020
Furniture and equipment, net	<u>10,360</u>
 Total assets	 <u>\$ 309,742</u>

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**Liabilities and Net Assets**

Accounts payable	\$ 1,554
Accrued liabilities	<u>11,612</u>
 Total liabilities	 <u>13,166</u>
 Commitments	
 Net assets:	
Unrestricted	93,506
Temporarily restricted	30,715
Permanently restricted	<u>172,355</u>
 Total net assets	 <u>296,576</u>
 Total liabilities and net assets	 <u>\$ 309,742</u>



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**UTAH PARENT CENTER, INC.**  
**Statement of Activities**

**Year Ended July 31, 2005**

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**Unrestricted net assets:**

Support and revenue:

Grants and contracts	\$ 470,804
Contributions	38,506
Other, including net investment gains	<u>1,545</u>

Total unrestricted support and revenue 510,855

Net assets released from restrictions 5,930

Total unrestricted revenues and support  
and reclassifications 516,785

Expenses:

Program services	455,845
Management and general	55,834
Fundraising	<u>3,077</u>

Total expenses 514,756

Increase in unrestricted net assets 2,029

**Temporarily restricted net assets:**

Contributions	3,492
Appreciation of investments	<u>21,670</u>

25,162

Net assets released from restrictions (5,930)

Increase in temporarily restricted net assets 19,232

**Permanently restricted net assets:**

Contributions	<u>6,065</u>
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Increase in net assets 27,326

Net assets, beginning of year 291,845  
Restatement adjustment (note 2) (22,595)

Net assets, beginning of year (as restated) 269,250

Net assets, end of year \$ 296,576



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**UTAH PARENT CENTER, INC.**  
**Statement of Functional Expenses**

**Year Ended July 31, 2005**

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 276,409	\$ 27,337	\$ -	\$ 303,746
Office space	22,876	5,719	-	28,595
Parent conferences and volunteer support	65,845	-	-	65,845
Printing and duplicating	26,570	-	-	26,570
Travel	15,875	160	-	16,035
Other expenses	14,072	7,916	-	21,988
Office supplies	10,680	4,153	-	14,833
Consultants and professional fees	7,760	6,350	-	14,110
Telephone	6,379	-	-	6,379
Postage and delivery	4,594	2,367	-	6,961
Depreciation	3,690	922	-	4,612
Resource materials	635	190	-	825
Staff development	460	720	-	1,180
Direct fund raising	-	-	3,077	3,077
Total	\$ 455,845	\$ 55,834	\$ 3,077	\$ 514,756



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**UTAH PARENT CENTER, INC.**  
**Statement of Cash Flows**

**Year Ended July 31, 2005**

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**Cash flows from operating activities:**

Increase in net assets	\$ 27,326
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(17,516)
Depreciation	4,612
(Increase) decrease in:	
Grants and contracts receivable	13,600
Prepaid expenses	(100)
Increase (decrease) in:	
Accounts payable	(64)
Accrued liabilities	(1,680)
	<hr/>
Net cash provided by operating activities	26,178

**Cash flows from investing activities:**

Purchase of investments	(6,065)
Purchase of furniture and equipment	(2,692)
	<hr/>
Net cash used in investing activities	(8,757)

**Cash flows from financing activities**

	<hr/>
Net increase in cash and cash equivalents	17,421
Cash and cash equivalents at beginning of year	65,306
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Cash and cash equivalents at end of year	\$ 82,727

**Supplemental disclosure of cash flow information:**

No amounts were paid for income taxes or interest for the year ended July 31, 2005.



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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**

**July 31, 2005**

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**1. Summary of  
Significant  
Accounting  
Policies**

***Organization***

Utah Parent Center, Inc. (the Organization) is a Utah not-for-profit corporation, which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Organization is primarily involved in providing education and training to parents of children with disabilities and special needs.

***Financial Statement Presentation***

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

***Use of Estimates in Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Concentration of Credit Risk and Business Risk***

The Organization's revenues and receivables result primarily from contracts with government agencies. The Organization has receivables totaling \$17,840 from these agencies at July 31, 2005.

For the year ended July 31, 2005, approximately 47% of the Organization's revenue was from one contract. The current level of the Organization's operations and programs may be severely impacted if the level of this contract is reduced.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.



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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**  
*Continued*

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**1. Summary of  
Significant  
Accounting  
Policies**  
*Continued*

***Investments***

The Organization holds investments in a mutual fund and common stock. These investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

***Furniture and Equipment***

The Organization capitalizes all expenditures for furniture and equipment in excess of \$500. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Donated Services***

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and assignments. Donated service hours totaled approximately 6,000 hours in fiscal year 2005.





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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**  
*Continued*

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**1. Summary of  
Significant  
Accounting  
Policies**  
*Continued*

***Donated Furniture and Equipment***

Donations of furniture and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

***Allocation of Expenses***

The Organization's policy is to allocate various indirect expenses of administrative overhead to program services based on direct costs and other bases as considered appropriate.

**2. Prior Year  
Restatement**

Unrestricted net assets at July 31, 2004 were restated by \$22,595 to properly account for grant revenues that were incorrectly recognized in 2004. This correction reduced beginning net assets in 2005 and reflects a reduction to 2004 grant revenues and cash from the amounts previously reported.



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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**  
*Continued*

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- 3. Investments**      Investments are stated at fair value and consist of the following as of July 31, 2005:

Common Stock

Cost	\$ 5,038
Unrealized appreciation	2,028
Fair value	<u>7,066</u>

Mutual Fund

Cost	170,658
Unrealized appreciation	20,071
Fair value	<u>190,729</u>

Total fair value of investments      \$ 197,795

Unrealized gains totaled \$17,516 for the year ended July 31, 2005.

- 4. Grants and Contracts Receivable**      Grants and contracts receivable consist of the following at July 31, 2005:

Grants and contracts receivable from government agencies	<u>\$ 17,840</u>
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- 5. Furniture and Equipment**      Furniture and equipment consists of the following at July 31, 2005:

Furniture and equipment	\$ 35,606
Accumulated depreciation	<u>(25,246)</u>
	<u>\$ 10,360</u>



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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**  
*Continued*

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**6. Accrued Liabilities**

Accrued liabilities consist of the following at July 31, 2005:

Accrued payroll and payroll taxes	\$ 7,904
Accrued vacation	3,225
Accrued other expenses	483
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	\$ 11,612

**7. Note Payable**

The Organization has a line of credit with a bank which allows up to \$50,000 to be borrowed with interest at prime plus 2.25% (6.25% at July 31, 2005). There was no outstanding balance at July 31, 2005. Any balance outstanding is due on demand and is secured primarily by receivables and equipment.

**8. Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes as of July 31, 2005:

Appreciation of Jason Fund restricted for autism services	\$ 21,670
Eccles / Carmen Pingree Fund for autism services	5,553
Utah State Grant restricted for Volunteer Gift Certificates	3,000
USIG Grant for Printing Costs	492
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	\$ 30,715

Permanently restricted net assets of \$172,355 as of July 31, 2005, are restricted for investment in perpetuity. The amount of endowment return available for spending in a fiscal year is limited by the Organization's approved spending policy.

**9. Donated Office Space**

The Organization received free rent and utilities from the Utah Personnel Development Center during fiscal year 2005. The estimated fair market value of approximately \$19,000 has been included as revenue and a corresponding expense in the statement of activities for the year ended July 31, 2005.



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**UTAH PARENT CENTER, INC.**  
**Notes to Financial Statements**  
*Continued*

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**10. Operating  
Leases**

The Organization leases office space and office equipment under non-cancelable operating leases expiring through 2008. The Organization may be released from its office lease commitment should the Organization's funding decrease.

Minimum future lease payments under these non-cancelable operating leases are approximately as follows:

<u>Year Ending July 31:</u>	<u>Amount</u>
2006	\$ 9,000
2007	5,000
2008	4,500
2009	4,500
	<u>\$ 23,000</u>

Total lease expense was approximately \$34,000 for the year ended July 31, 2005. This includes the expense associated with donated office space of approximately \$19,000.



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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors of  
Utah Parent Center, Inc.**

We have audited the financial statements of Utah Parent Center, Inc. as of and for the year ended July 31, 2005, and have issued our report thereon dated January 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Utah Parent Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Utah Parent Centers Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

#### **Observation**

During our year-end tests, we noted an instance where grant and contracts revenue was recognized before it was earned. This resulted in a restatement of beginning net assets of \$22,595.

#### **Recommendation**

We recommend that the Organization carefully review its grants and contract schedule to determine that amounts are appropriately recorded as revenue in the correct period.

A material weakness is a reportable condition in which the design or

operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We also noted certain matters that we have reported to management of Utah Parent Center, Inc. in a separate management recommendation letter dated January 17, 2006.

#### Compliance

As part of obtaining reasonable assurance about whether Utah Parent Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of board of directors and management, and is not intended to be and should not be used by anyone other than those specified parties.

*Tanner LC*

Salt Lake City, Utah  
January 17, 2006